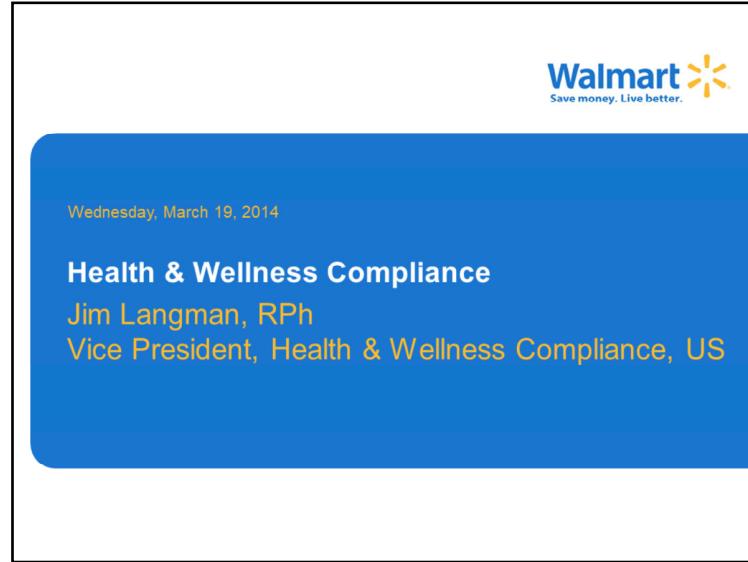


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PLAINTIFFS TRIAL  
EXHIBIT  
**P-14585\_00001**





We are committed to helping associates serve patients the Right Way, Every Day.

## The Right Way

### Why We Do What We Do.

Our patients trust us to be their advocates.  
They trust us with their money, their  
reputation, and their health.

3



We are committed to helping associates serve patients the Right Way, Every Day.

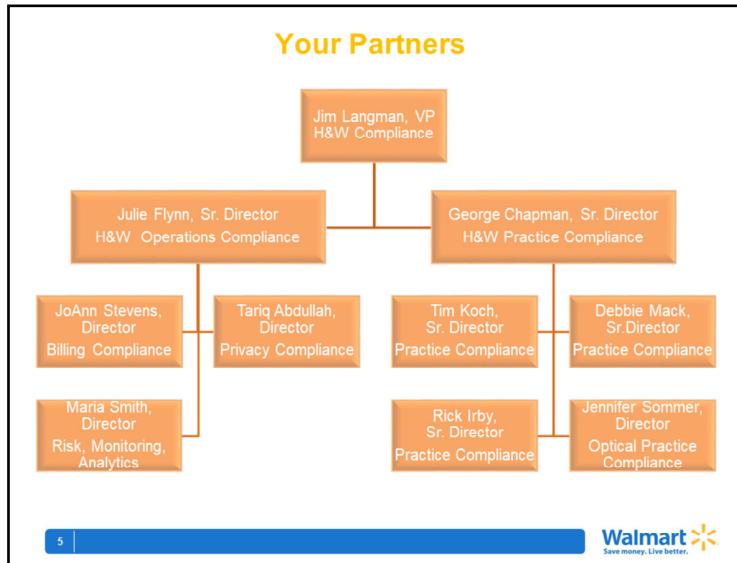
**Health & Wellness: A Different Business Model**

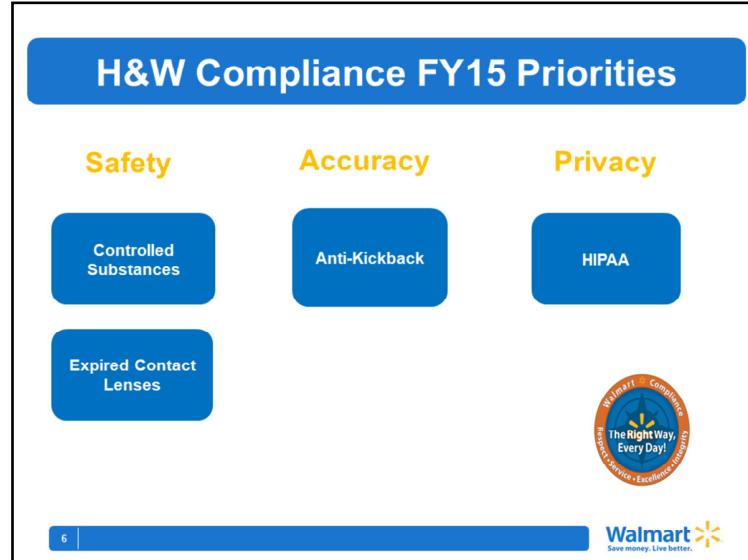
-  Patients Not Customers
-  Prescribers Make Decisions
-  3<sup>rd</sup> Parties Make Payment
-  Treatments Not Products
-  Evidence Based Medicine

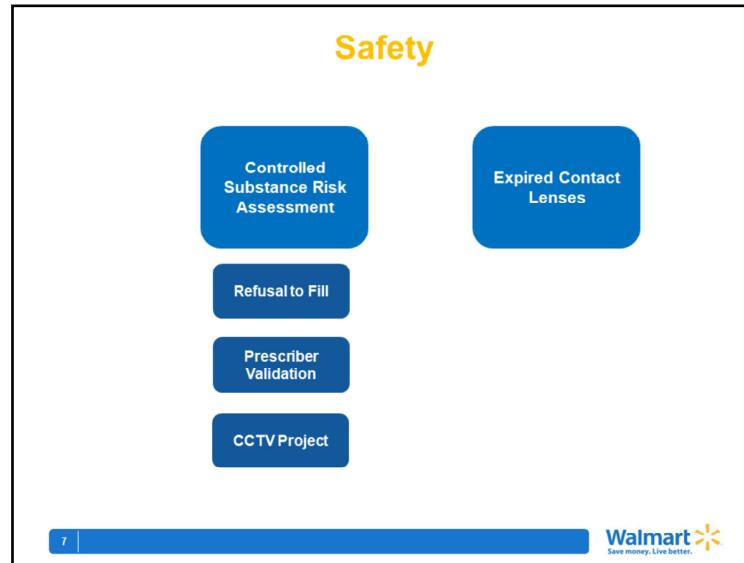
4 | Attorney Client Privileged - Private & Confidential  Save money. Live better.

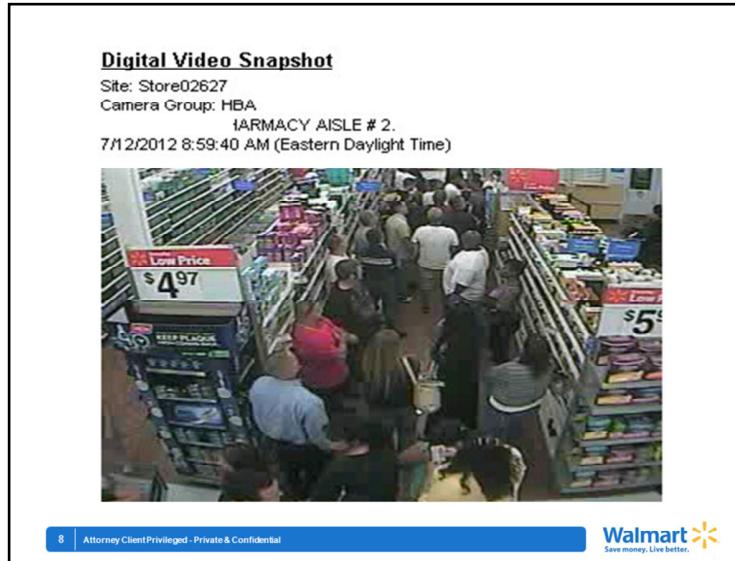
It is well understood that the health and wellness business model is very different. The 750 square feet of the pharmacy is the most regulated space in the retail box.

We have patients who have prescribers that make evidence based health care decisions to prescribe treatments. More than 80% of the time, the payment for these treatments come from a private health insurer or a government entity.









As I noted, one of the compliance program priority areas noted in the exercise was in the area of controlled substances/DEA compliance.

An illustration of the risk is depicted in this picture taken last July. We began to assess our processes after we learned of lines forming for scripts beginning at 7:00 am. The pharmacy opened at 9:00. The ensuing investigation discovered a very high number of prescriptions for Oxycodone. This situation gave us the opportunity to put some additional operation controls in place to mitigate the risk of our pharmacies becoming the pharmacy of choice for “pill mills.”

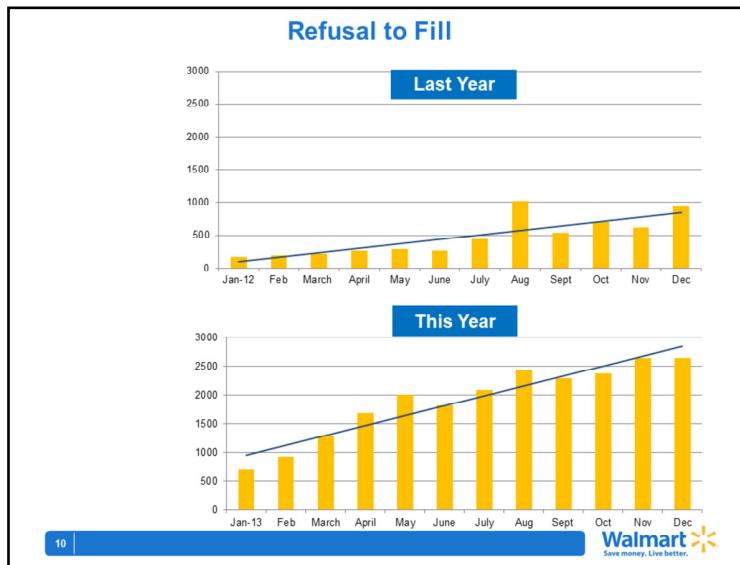
**Program Priority: Controlled Substances Operational Controls**

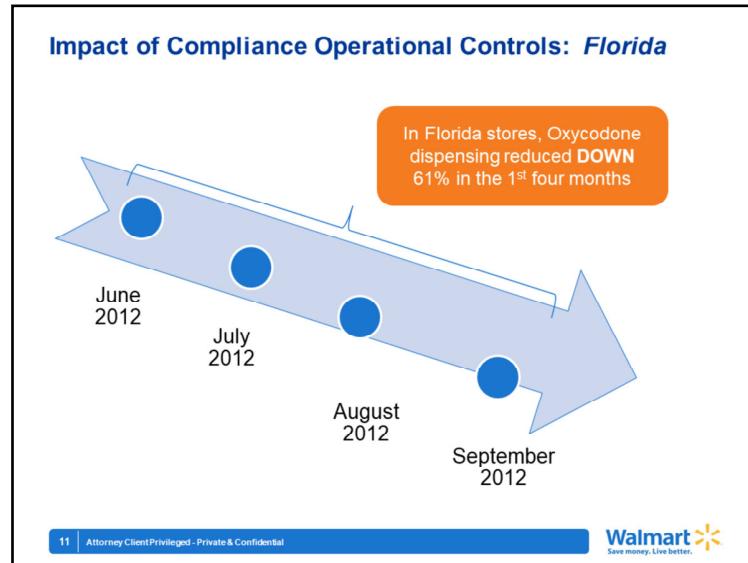
- Market Director Webinar to discuss improved operational controls
- CII Prescription Toolkit
- Mandatory Prescription Monitoring Program (PMP)
- Limits placed on CII bottles per store and club
- DEA Refusal to Fill form obligation
- Asset protection audits on potential abuse locations
- Monitoring of excessive CII medication by CII distribution center
- Systemic CII Utilization Reviews required by H&W Market
- Location monitoring by Director on locations exceeding CII bottle threshold

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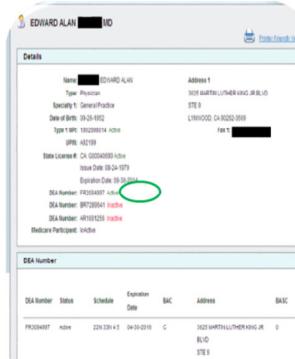
1. Here is a list of the operational controls that we put into place.





## Prescriber Validation

- Walmart is moving to new prescriber data file through HMS (Health Market Science)
- Improved data and better prescriber lookup tool
- Correct process for adding a new prescriber



The screenshot shows a software interface for 'Prescriber Validation'. At the top, it says 'EDWARD ALAN [REDACTED] ID'. Below that is a 'Details' section with the following information:

- Name: [REDACTED] EDWARD ALAN
- Type: Prescriber
- Specialty: General Practice
- Date of Birth: 10-20-1952
- Type of MPN: 1000000014 Active
- PPRN: 432109
- State License #: CA 00000000 Active
- Issue Date: 03-24-1973
- Expiration Date: 03-24-2023
- DEA Number: P02304017 Active
- DEA Number: 0072050417 Active
- DEA Number: 401012517 Active
- RxWaiver Participant: 143426

Below this is a 'DEA Number' section with a single row:

| DEA Number | Status | Schedule      | Expiration Date | SAC | Address                     | BASC |
|------------|--------|---------------|-----------------|-----|-----------------------------|------|
| P02304017  | Active | 220 (220 4-5) | 04-20-2018      | C   | 3021 WILHELM LUTHER KING JR | BLD  |

At the bottom right is the Walmart logo with the tagline 'Save money. Live better.'

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## CCTV Project

- Evaluation of our standards and processes around CCTV coverage of our pharmacies
- Identified gaps to our current process
- Patient and Associate Safety
- DEA obligations
  - 21 CFR 1301.71(a) Provides that all applicants and registrants shall provide effective controls and procedures to guard against theft and diversion of controlled substances

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## CCTV Project

DEA will consider the following factors listed in 1301.71(b):

- Type of activity
- Type and quantity of controlled substances handled
- Types of closures on vaults, safes and secure enclosures
- Adequacy of electronic detection and alarm systems
- Adequacy of supervision over employees having access to manufacturing and storage areas
- Adequacy of the registrants system for monitoring the receipt and disposition of controlled substances in its operations



**CCTV Project**

**What to Expect:**

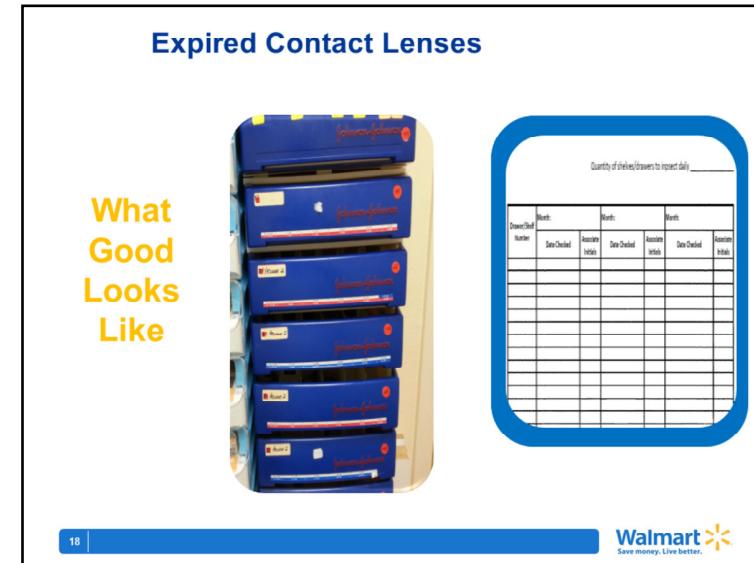
- Rollout and installations to begin company wide March 2014
- MHWDs and MAPMs will be informed when work will take place in their pharmacies
  - Work performed by Tyco/ADT technicians
- Pharmacy Managers must ensure Tyco/ADT technicians display proper credentials to enter pharmacy
  - Tyco/ADT technicians must sign the HIPAA Maintenance log located in the ETQ binder before starting work

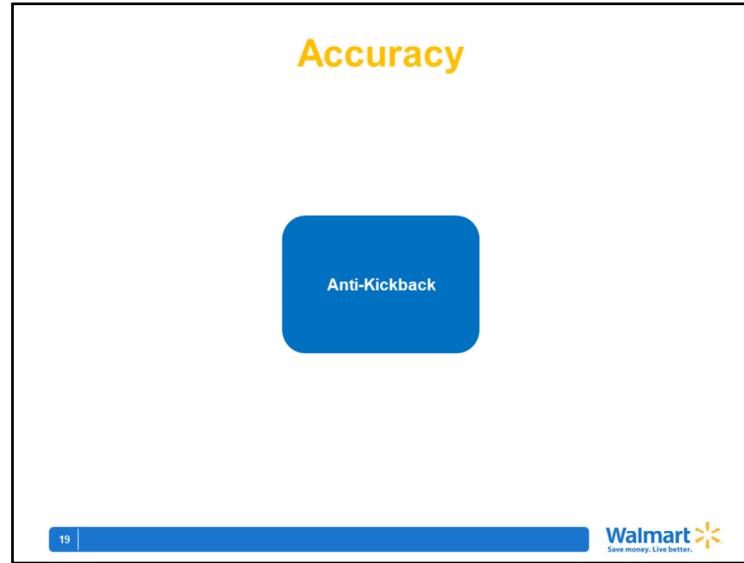


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### Expired Contact Lenses

- Quarterly Verifications
- Trial Contact Lenses
- Retail contact Lenses
- Contact Lens cleaning solutions
- Products set to expire within three months are removed from inventory





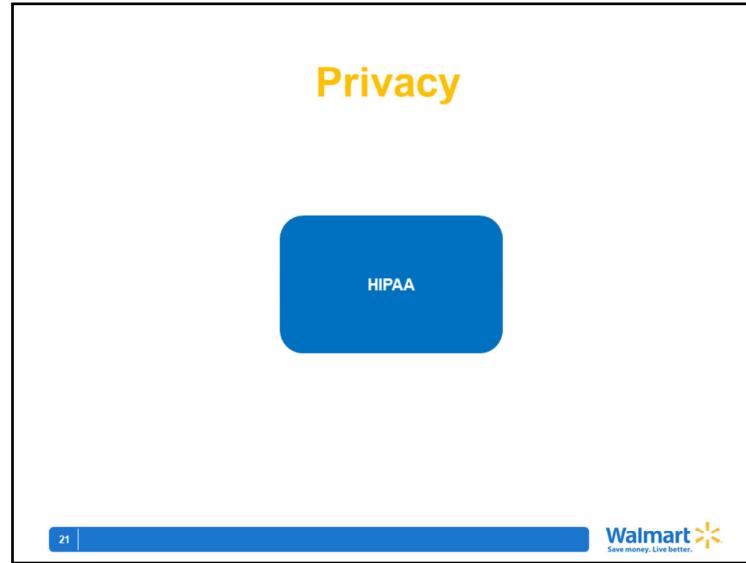
## Anti-Kickback

Examples of Kickbacks Could Be:

- "Inducing" referrals or purchases
  - Example: Giving a free turkey for every 10th prescription filled
- "Arranging for" purchase or sale
  - Example: Pharmacist working with local Drug Rep to sell more of Bicillin at a promise of 10% of the Drug Rep's sales bonus
- "Remuneration" anything of value
  - Example: Waving patient or discounting copays to attract more patients to the Pharmacy/Vision Center

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## HIPAA Electronic Records

Under HIPAA/HITECH, patients may request access to their records electronically

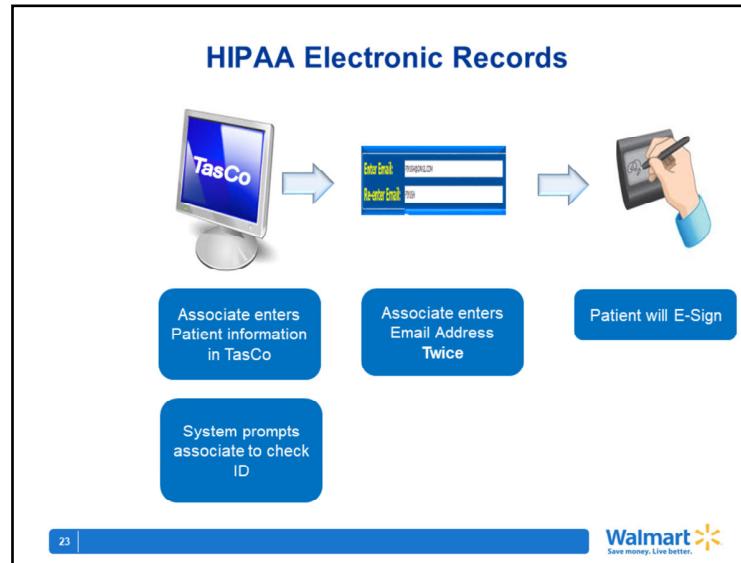
Current Process:

- Requires paper "Request for Access" form to be completed
- Opportunities delivering records on time
- Paper forms must be retained for 6 years

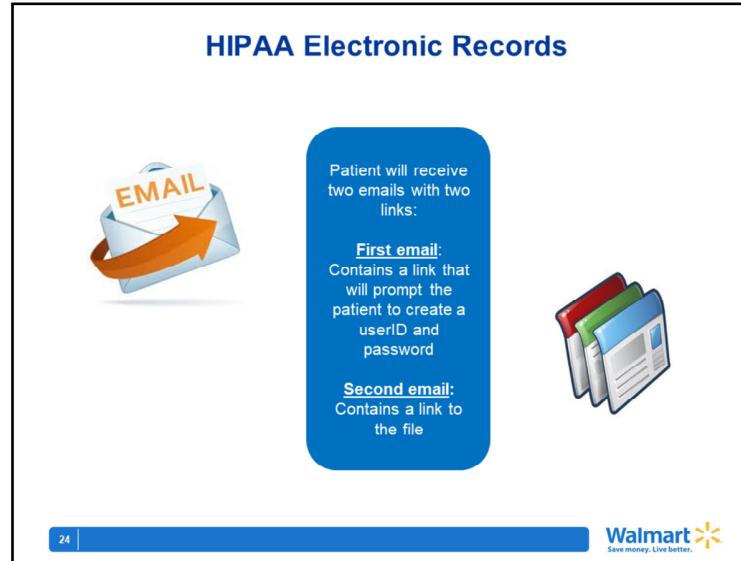


22 |

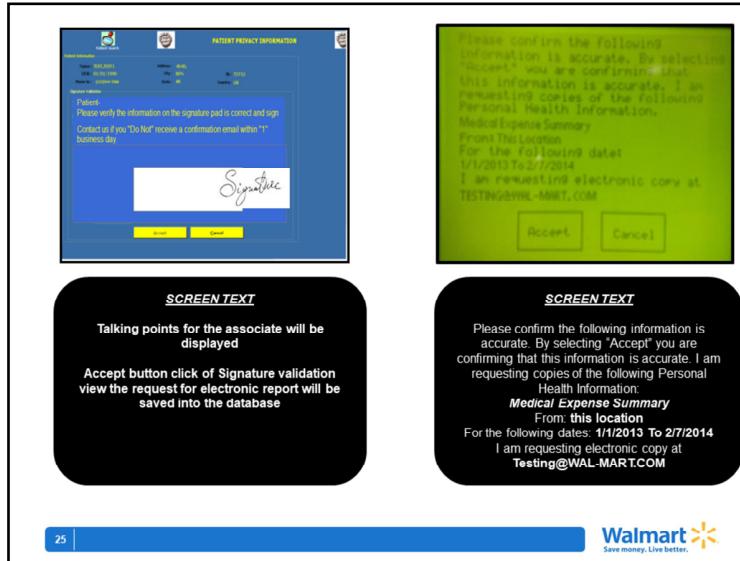
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Provide clarity about what each Pillar represents



Provide clarity about what each Pillar represents



## HIPAA Electronic Records

**Advantages of the new process**

- Bring electronic access in-house
- Eliminates paper form for patients
- Records delivered on time
- Convenience for patients
- Roll-out to begin in April



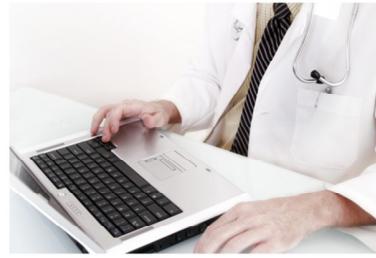
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## Updates

- Electronic Prescribing of Controlled Substances
- Hydrocodone to CII
- Electronic Record Keeping
- Pharmacy Hazardous Waste

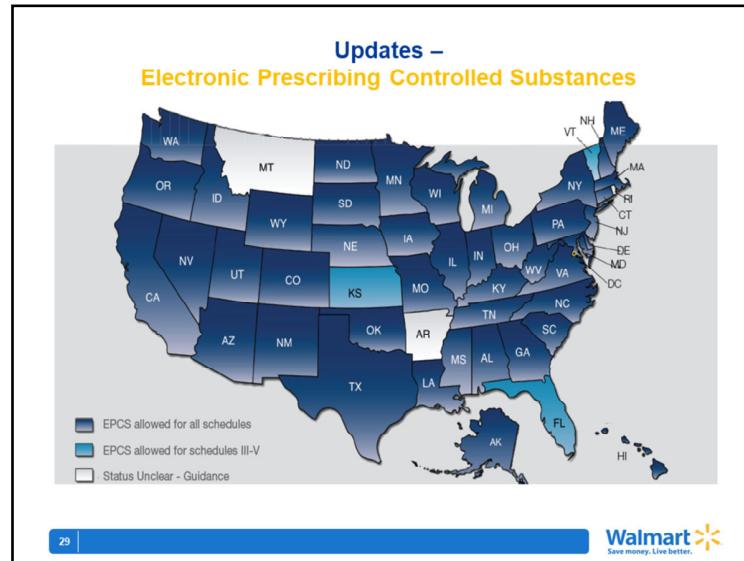
**Updates –**  
**Electronic Prescribing Controlled Substances**

- Gives Walmart the ability to accept electronic prescriptions
  - Schedule II-V Controlled substances (assuming that state law allows)
- Project will deploy in the Fall



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**Updates –**  
**Hydrocodone to CII Status**

- New York switched Hydrocodone products from a C-III to C-II drug in Feb. 2013
- FDA recommends Hydrocodone products to CII in Dec. 2013
- HHS sent recommendation to the DEA for reclassification
- DEA publishes notice of proposed rulemaking in Federal Register on Feb. 27<sup>th</sup>, 2014

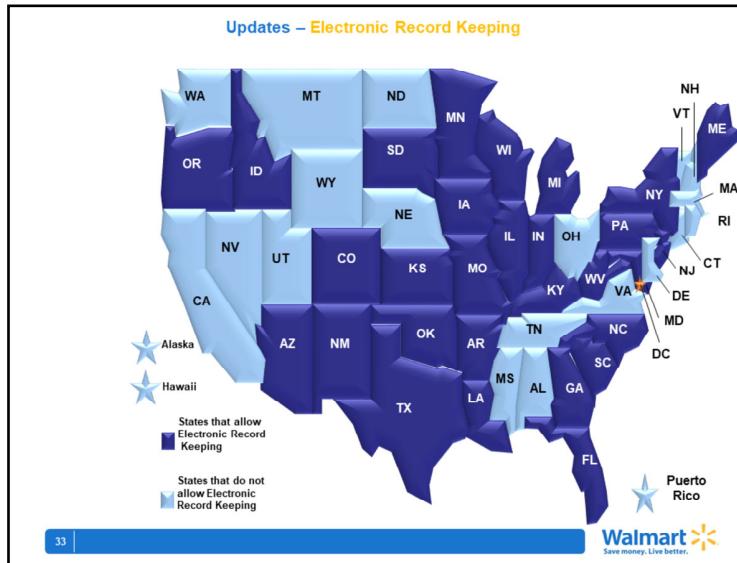
### DEA Headlines

- "September 2012 - DEA revokes Controlled Substance permit for the 2 CVS Pharmacies"
- "DEA suspends Cardinal's controlled substances license at its Lakeland, Florida distribution center, which services 2,500 pharmacies in Florida, Georgia, and South Carolina."
- Walgreens' Jupiter Distribution Center and six Florida Walgreens retail pharmacies had their controlled substances licenses suspended **RED** [REDACTED]
- [REDACTED] the settlement revokes the Registrants' ability to distribute or dispense controlled substances listed in Schedules II-V [REDACTED] As part of the settlement, Walgreens admitted that it failed to uphold its obligations as a DEA registrant.
- [REDACTED]

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**Updates –**  
**Electronic Record Keeping - (Phase 1)**

- Elimination of paper prescription records of all non-controlled **electronic** (Surescript) prescriptions
- Will no longer need to print the prescription
  - (Phase 2) Will no longer need to complete the Log Copy sticker
- Compliant record keeping
- Cost savings
- Currently approved for 29 states plus the District of Columbia
- Phase I Project will deploy in the Fall



## Hazardous Waste

**Focus on the Basics**

- Simple execution points are the most commonly missed
  - Label placement on the bucket and on CII Drawer
  - Stores are not placing labels where the bucket says to 'Place Label Here'
  - Storing CII Returnable drugs and Waste in the same drawer

**Use Your Resources**

- Compliance Hotline (1-800-530-9923)



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## How Can We Be Successful?



1. Set High Compliance **Expectations**
2. **Engage** Associates on Compliance
3. **Communicate** Expectations Frequently
4. Review Compliance **Goals** and Measurements
5. **Reinforce** Desired Compliance Behavior

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# Thank You

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